



Implementing the New Accounting and Reporting Requirements for Military Equipment

**Briefing for UID Policy “Roll-Out”
July 29, 2003**

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Background--The Department of Defense

- § Three Military Departments, 15 Defense Agencies, 7 Field Activities, and 9 Unified Combatant Commands
- § FY 2004 DoD Budget \$380 Billion
- § Quantities of military equipment
 - 1,355 Combat and Support Ships (does not include over 2,000 small boats)
 - 15,706 Combat, Airlift and Other Aircraft
 - 194,953 Combat Vehicles
- § Over 2,000 financial and non-financial feeder business information management systems



Major Tasks

- § Develop and report a parametric estimate for June 30, 2003
- § Develop Transition Plan
 - Communication Strategy
 - “As Is” PP&E Environment
 - Conceptual Model
 - System Requirements (e.g., Acquisition, Logistics, FM)
 - Data Management
 - Organizational Capability
- § Incorporate new accounting and reporting requirements in the Business Enterprise Architecture by April, 2004
- § Develop IT solution by May, 2004

Parametric Estimate for Military Equipment

§ Amounts to be reported in the June 30, 2003, DoD Consolidated Financial Statements:

Investment in Military Equipment Since 1970*	\$1,116 Billion
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Accumulated Depreciation	\$794 Billion
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Net Book Value	\$322 Billion
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*For purposes of the estimate, investments in equipment prior to 1970 were considered fully depreciated



Challenges

- § Modifying and coordinating numerous policies and regulations
 - DoD Financial Management Regulation
 - Federal Acquisition Regulation and Defense Acquisition Regulation Supplement
- § Capturing reliable quantity information for quarterly reporting
- § Capturing and reporting classified program information
- § Modifying business practices of the Acquisition, Logistics and Financial communities
- § Replacing or modifying over one hundred acquisition, procurement, logistics and financial systems